THE STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: June 1, 2010

Re: Temporary Allocation of Balances Report from the Department of Administration

Attached is a copy of a report from the Department of Administration, pursuant to s. 20.002(11)(f), Stats. The report confirms that the Department has found it necessary to exercise the "temporary reallocation of balances" authority under this section to meet payment responsibilities.

The report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachment

MM:MP:jm

WISCONSIN DEPARTMENT OF
ADMINISTRATION

JIM DOYLE
GOVERNOR
MICHAEL L. MORGAN
SECRETARY
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May 27, 2010

Mr. Robert Marchant, Chief Clerk
Wisconsin Senate
B20 South, State Capitol
Madison, WI 53702

Mr. Patrick Fuller, Chief Clerk
Wisconsin Assembly
17 West Main Street, Room 401A
Madison, WI 53702

Dear Mr. Marchant and Mr. Fuller:

This report is transmitted as required by s. 20.002(11)(f), Wisconsin Statutes, (for distribution to the appropriate standing committees under s. 13.172(3), Wisconsin Statutes) and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative cash balances during the month of April 2010.

On April 1, 2010, the **Utility Public Benefits Fund** cash balance closed at a negative $8.2 million. This negative balance continued through April 30, 2010, when the fund's cash balance closed at a negative $10.1 million (its intra-month low). The negative balance was due to the difference in the timing of revenues and expenditures.

On April 1, 2010, the **Permanent Endowment Fund** cash balance closed at a negative $2.0 million (its intra-month low). This negative balance continued through April 16, 2010, when the fund's cash balance closed at a positive $127.7 million. The negative balance was due to the difference in the timing of revenues and expenditures.

On April 1, 2010, the **Medical Assistance Trust Fund** cash balance closed at a negative $312.8 million (its intra-month low). This negative balance continued through April 30, 2010, when the fund's cash balance closed at a negative $307.0 million. The negative balance was due to the difference in the timing of revenues and expenditures.

On April 1, 2010, the **Police and Fire Protection Fund** cash balance closed at a negative $18.7 million (its intra-month low). This negative balance continued through April 30, 2010, when the fund's cash balance closed at a negative $14.6 million. The negative balance was due to the difference in the timing of revenues and expenditures.

The Utility Public Benefits Fund, Permanent Endowment Fund, Medical Assistance Trust Fund, and Police and Fire Protection Fund shortfalls were not in excess of the statutory interfund borrowing limitations and did not exceed the balances of the funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority, and as a result, the funds requiring the use of the authority will effectively bear the interest cost.

Sincerely,

Michael L. Morgan
Secretary of Administration